

के स्थान पर अधिकांशतः कच्चे तेल का आयात किया जाता है, सार्थक मूल्य वर्धन अब देश में होता है।

(ग) घरेलू मांग को पूरा करने के लिए आयात पर बढ़ती हुई निर्भरता के परिणामस्वरूप आयात बिल बढ़ता है और उपभोक्ता मूल्यों में वृद्धि होती है। आयात पर अधिक निर्भरता से अर्थव्यवस्था प्रतिकूल रूप से प्रभावित होती है, विशेष रूप से तब जब अन्तरराष्ट्रीय बाजार में मूल्य उच्च और संवेदनशील होते हैं।

#### **Dependence on import of petroleum products**

†\*83. SHRI RAM JETHMALANI:++

DR. D. MASTHAN:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that in the early Nineties upto 56 per cent of requirement of petroleum products of the country was fulfilled by domestic production which has now reduced 32 per cent in the year 1999-2000;

(b) if not, the accurate assessment of the same; and

(c) whether it is also a fact that increasing dependence on import to fulfil the requirement of the country is harmful for the country from economic point of view?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): (a) to (c) A statement is laid on the Table of the House.

#### **Statement**

(a) and (b) Yes, Sir. In the year 1990-91, 56% of requirement of petroleum products of the country of 55 million metric tonnes was met from indigenously produced crude oil and natural gas. This percentage for the year 1999-2000 stood at 32% out of the requirement of petroleum products of 97.1 million metric tonnes.

However, due to substantial increase in domestic refining capacity

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† Original notice of the question was received in Hindi.

++ The question was actually asked on the floor of the house by Shri Ram Jethmalani.

from 52.8 million metric tonnes in 1990-91 to 112.5 million metric tonnes at present, the import of petroleum products has mostly been substituted by crude oil, significant value addition now taking place in the country.

(c) Increased dependence on imports to meet the domestic demand results in higher import bill and higher consumer prices. Higher dependence on imports adversely affects the economy, particularly when the prices in the international market are high and volatile.

SHRI RAM JETHMALANI: From the figures supplied by the hon. Minister, it is quite obvious that the demand has nearly doubled during the last 10 years and the percentage of domestic capacity has also increased roughly by the same figure. Therefore, this gap will continue to widen. It is quite obvious that the dependence on imports has to be brought down. The only way to bring it down is to have, at least, a comprehensive scheme of exploration, both off shore and on land. I am enquiring of the hon. Minister whether any comprehensive project of exploration has really been formulated. If so, what is the capital required for it? I would also like to know whether the capital is available; if not, how he proposes to solve this problem.

SHRI RAM NAIK: Sir, the issues raised are most proper. We are trying to increase the indigenous production by two methods. One is that, within India, we will increase the production, and, outside India, we will try to acquire equity in different countries where we will conduct production activities. In this broad frame, we have three important things presently going on. One is the Oil and Natural Gas Corporation's Mumbai High field which has been giving oil and gas for the last 25 years. Now, the yield from that field has been declining for the last 7-8 years. We have taken up a re-development programme of Mumbai High. The investment cost is Rs. 7500 crores. That project has started operating. The first new well was started on 12th January. I am happy to inform the House that it is now giving good oil, as of now. This would bring increased quantity from Mumbai High. The total cost involved in the Mumbai

High project is Rs. 7500 crores. In some other areas, it is Rs. 2500 crores. So, the total investment involved is Rs. 10,000 crores in re-development of the present fields.

In addition to that, we have formed a New Exploration Licensing Policy. We call it the NELP. Under the NELP-I, 25 blocks, we have contracted last year. Now they will start the operation. After that, under the NELP-II, we have brought 25 more blocks. Some of them are in the high sea where the depth of water is more than 400 metres. Bids have been invited. Road shows have been in Delhi, London, Houston, Tokyo and Singapore. The bids will close on 31st March. As soon as the bids are received, we shall analyse. The second round also will be decided. In addition to this, there were some field in respect of which it was decided that they would be handed over way back in 1995. But the contracts were not finalised, the contracts were not signed. In a way, I can say that the backlog was there which was not paid proper attention. Now, there were some such cases, and only on 23rd February, that is last week, we have signed nine contracts out of this. So, this is how we are trying to increase the indigenous production. Similarly, with regard to acquiring oil equity outside, only on 10th February, we have signed a contract with a Russian company, Rosneft. There is a very big oil field known as Sakhalin, Where our investment would be to the extent of 8,000 crores of rupees. We are taking 20 per cent equity from them, and that will bring two to four million tonnes of oil per year, and an equivalent amount of gas also. We have entered into a contract with Iraq also for exploration of their block No. 8, and presently, we are negotiating many such things. We have earlier done a gas project in Vietnam some eight or ten years back. That also was lying. Now, that is also coming into operation, by the end of next year, Vietnam will also start producing gas. This is what we are trying to do.

SHRI RAM JETHMALANI: Sir, I was very anxious to find out from the hon. Minister whether our plans for exploration are suffering for want of capital. But, obviously, he does not seem to have any grievance on that score. He seems to have complete harmony with the Finance Minister. So, my second supplementary is, now that the hon. Minister talked about 20 per cent equity being

[27 February, 2001]

RAJYA SABHA

acquired in the Russian oil fields, I would like the hon. Minister to give some idea as to when he expects this 20 per cent equity investment will have a significant effect on reducing our import bill. What is your expectation?

SHRI RAM NAIK: Sir, our share is 20 per cent. The share of Russia is 20 per cent. The share to Japan is 30 per cent and the share of EXXON MOBIL, who are the operators, is 30 per cent. If the things go on well, it is expected that by the year 2004, the actual production would start.

SHRI J. CHITHARANJAN: Sir, the hon. Minister has said that several blocks have been Commissioned, and more are to be Commissioned. But in opening these blocks, I want to know whether the Government has entered into a contract with the foreign companies, and if so, with which company the Government has entered into an agreement, and what the conditions are of the agreement.

SHRI RAM NAIK: Sir, in the case of 25 blocks which have been already given, there are different companies from India and from outside. There are so many parties and so many blocks. There is a list available with me. If the hon. Member is interested, I can pass it on to him or if you advise, it can be laid on the Table of the House.

MR. CHAIRMAN: You can do it in any way you like.

DR. BIPLAB DASGUPTA: Sir, I see from the answer that we have almost achieved self-sufficiency as far as oil refinery products are concerned. But when you come to the inputs for the oil refineries, there is a huge shortfall, and that too, at a high foreign exchange cost. Now, with the Russian exploration team in 1950, they made some estimate which shows that the prospective oil-bearing area in India is about 400,000 sq. kms. which covers the whole of north India almost, and most of the coastline. Out of this, only in three places, the exploration has been done, that is, Assam, Gujarat and Bombay Offshore. These are the three places where we are concentrating. But we have not spent enough money on exploration to find the oil. It was done in the late sixties or the early seventies. Since then, the proportion of money spent on exploration out of the

Budget is declining. It is not steady. Unless you explore and find oil somewhere, multinational Companies will never come. He has been offering incentives from the late fifties for the multinational Companies, but they are not willing to come. Unless we show them that we have sufficient oil in the ground, they won't come. That can only be done by the Government; otherwise, they will not come. What I am suggesting is, in view of the fact that oil exploration is not properly done by the multinational Companies, how much of initiative the Government will take, because oil investment is a long-term investment, for ten or twelve years—and this is not something in which a Minister will be interested because nobody knows what is going to happen after ten or twelve years....(*Interruptions*)...

SHRI RAM NAIK: Everybody will be here.

DR. BIPLAB DASGUPTA: No, no; oil exploration takes a minimum of ten years or twelve years of investment. The Government does not remain in power for not more than three or four years. The Government is not interested in oil exploration because that is a long-term activity. I am putting this question to you whether you are increasing the Budget on finding oil in India.

SHRI RAM NAIK: Sir, probably, the hon. Member is not properly informed. I will try to give him the latest information. The blocks which we are now giving for exploration were earlier given to ONGC or Oil India. They were basically doing exploration. Now, we are inviting bids for exploration from all. Oil India can contribute, ONGC can contribute, and those who are interested in exploration can also contribute. It is not a question of what the earlier Government used to do. They first tried to have a survey on oil exploration and then the blocks were given. It is not so, as of now, under the new exploration licensing policy. Surveys are done; whatever information and inputs are available, they are given, and on that basis, the Companies which are interested, because they know, after having seen the entire data, where oil and gas would come... (*Interruptions*)...

DR. BIPLAB DASGUPTA: I am asking whether you are increasing the amount for oil exploration...(*Interruptions*)...

**SHRI RAM NAIK:** Now the exploration is to be done by those companies which would be submitting their bids. We are restricting our activity basically to having a survey. Our Director-General of Hydrocarbon does the preliminary survey, only those blocks which have sufficient oil and gas in the initial stage are offered for bidding.

**DR. KARAN SINGH:** Mr. Chairman, Sir, as our living standards increase, obviously, our energy requirements are also going to steadily increase. Despite all that the Minister is saying about developing our own indigenous resources, we are likely to remain dependent on imports for a long period of time. I would like to know from the hon. Minister what effective steps are being taken to develop alternative sources of energy. Unless we tap in the 21st Century renewable sources of energy, particularly the solar energy, we will never be able to make up this gap in our energy requirements. Would the Minister tell the House whether there is a serious effort and whether necessary provision is being made in the Plan to make a break-through on solar technology so that within the next ten or fifteen years are able to develop alternative sources of energy?

**SHRI RAM NAIK:** Sir, as the hon. Member said, there are various sources available. First time, replying to the issues which concern my Ministry, in addition to this question of oil exploration, I said that there is another source by which we can have energy, that is called Coal Bed Methane (CBM). Now, in West Bengal, in Raniganj field, this has been tried. Our ONGC is developing it. For that, again, we are required to have State approvals, that they agree to the Coal Bed Methane Policy. The Policy has been framed. I have now received approvals of West Bengal, Rajasthan and Gujarat. Only last week, the Chief Minister of Madhya Pradesh was here. He also agreed to give his approval. With these approvals, I will be coming with the first round of CBM blocks, about seven or eight, in the next two or three months. So, again, there, we will try to develop this. So far as West Bengal is concerned, in addition to ONGC, we have been discussing with another company, the Great

Eastern Company. It has been decided to give it a particular block. The agreement in respect of that may be signed next month. So, we are developing CBM and that would bring some additional resources.

The third one is gas hydrates. Now in the entire world they are at the stage of development. They are at the experimental level. The other sources like sun, wind, sea waves, etc., are being dealt by other Departments. The Government, as such, is concerned with this issue and we will certainly try to increase our indigenous sources of energy.

SHRI C.P. THIRUNAVUKKARASU: Sir, I would like to know from the hon. Minister, whether the Government has got any proposal to supplement the hydrocarbon resources with wider use of alternative fuel by blending ethanol with oil or by conversion of coal into oil or by using dimethyl ether as oil in order to increase the domestic production of petroleum products or equivalent products. I would like to know whether any steps are being taken by the Government in this regard.

The second part of my question is this. Several writ petitions have been filed in the High Court of Madras about the indiscriminate issuance of licence in favour of several parties in violation of the rules. In the writ petitions notices have been issued to the Government of India. What is the reaction of the Government of India in this regard?

MR. CHAIRMAN: These questions do not arise out of this question.

SHRI C.P. THIRUNAVUKKARASU: Sir, he can answer the first part of my question.

MR. CHAIRMAN: That question is regarding alternative methods. Even that does not arise out of this question. Shri Nilotpal Basu.

SHRI RAM NAIK: Sir, the first part of his question is right. I will reply to the first part.

[27 February, 2001]

RAJYA SABHA

SHRI C.P. THIRUNAVUKKARASU: Sir, let him reply to the first part of my question.

SHRI RAM NAIK: Sir, the first is relating to other methods. The first part of his question is right and I will reply to that.

Sugar-Cane is one of the important products. As it is being done in Brazil for the last 20 or 25 years, we also produce a lot of Sugar-Cane in India. We have decided to develop two pilot projects in Maharashtra, because Maharashtra produces more sugar, and one pilot project in Uttar Pradesh. Out of the two projects in Maharashtra, one is in Sangli district. It will begin production by the end of March. The second project is at Manmad and it will begin production in April. The third project in Uttar Pradesh will begin production by the end of May. These are pilot projects. We will blend methane with the alcohol produced from sugar-cane and experiment with it. If it is successful, we will try to do it all over India.

SHRI NILOTPAL BASU: In part "c" of his reply, the Minister has mentioned about the increased dependence on imports and the high increase in the price of oil in the market. I would like to know whether the Government of India has received any proposal called "food for oil scheme" where the price of oil is much less than the current international rate. In the light of the fact that we have excess foodgrains, I would like to know whether the Government is considering it favourably. What are the details?

SHRI RAM NAIK: Sir, I want to dispel the wrong conception. "Food for oil" means that they will supply us the oil and we will pay them for the oil, and by the amount that they receive from the supply of oil they can purchase food either from us or from anywhere else in the world. Last time, we had an agreement with them for the supply of one-and-a-half million tonnes of oil under the food for oil scheme. They made the supply. We are now negotiating with them. Everyone knows that there are U.N. sanctions. If the "food for oil scheme" gets approved under those sanctions, we will try for the second instalment in the second quarter.

SHRI NILOTPAL BASU: Many countries are not going by that

sanction. Many countries are importing oil from Iraq and helping it out. You also know that. It is clearly a case of US pressure.

SHRI C.M. IBRAHIM: Even US companies are doing benami transactions through Singapore.

SHRI NILOTPAL BASU: The Government is relenting before the US pressure on this question. It is an offer that is inherently helpful to this country.

SHRI RAM NAIK: The sanctions are not from the US. The sanctions are from the U.N. We have very good relations with Iraq. We are also negotiating with them and, at an appropriate time, we will have a good quantity of oil from them.

MR. CHAIRMAN: Question Hour is over.

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#### WRITTEN ANSWERS TO STARRED QUESTIONS

##### Procurement of Crude Oil by Public Sector Oil Companies from the International Market

†\*84. SHRI RAJIV RANJAN SINGH 'LALAN':  
SHRI KAPIL SIBAL:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that there have been wide spread fluctuations in the price of crude oil in the international market during the year 2000-2001;

(b) if so, the average month-wise price of crude oil which prevailed during the period from April, 2000 to January, 2001 in the international market; and

(c) the purchases made by the public sector oil companies in the country during the said months, month-wise?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): (a) Yes, Sir.

(b) The average month-wise prices of Brent (Dated) crude oil for

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† Original notice of the question was received in Hindi.